

AMENDED IN SENATE JUNE 1, 2009

AMENDED IN SENATE MAY 18, 2009

AMENDED IN SENATE MAY 5, 2009

AMENDED IN SENATE APRIL 15, 2009

## **SENATE BILL**

**No. 213**

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**Introduced by Senator Florez**

February 23, 2009

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An act to amend Sections 19981 and 19984 of, ~~to add Section 19966 to,~~ and to add and repeal Section 19963.5 of, the Business and Professions Code, relating to gambling.

### **LEGISLATIVE COUNSEL'S DIGEST**

SB 213, as amended, Florez. Gambling establishments: proposition players.

(1) The Gambling Control Act provides for the licensure of certain individuals and establishments involved in various gambling activities, and for the regulation of those activities, by the California Gambling Control Commission. Existing law provides for the enforcement of those activities by the Department of Justice. Existing law provides that any violation of the act for which a penalty is not provided is punishable as a misdemeanor.

The act prohibits, until January 1, 2015, the governing body and the electors of a county, city, or city and county from authorizing or expanding any legal gaming beyond that permitted on January 1, 1996. Additionally, the commission is prohibited, until January 1, 2015, from issuing a gambling license for a gambling establishment that was not licensed to operate on December 31, 1999, except as specified.

This bill would, notwithstanding those prohibitions and other limitations on the expansion of gambling, until January 1, 2020, prohibit the commission from issuing a gambling license for a gambling establishment that is not licensed to operate on January 1, 2010. ~~The bill also would provide that a city, county, or city and county that issues local gambling licenses, key employee licenses, or work permits shall not appoint a person to manage or oversee the issuance of those licenses or permits who, within 2 years prior to that appointment, was employed or retained by, or derived substantial income from, a gambling establishment, or was a principal in a partnership or corporation that was retained by, or derived substantial income from, any gambling establishment.~~

(2) The act prohibits a member of the commission, the executive director, the chief, and any employee of the commission or Department of Justice designated by regulation, for a period of 3 years after leaving office or terminating employment, for compensation, from acting as agent or attorney for, or otherwise representing, any other person by making any formal or informal appearance, or by making any oral or written communication, before the commission or the department, or any officer or employee thereof, if the appearance or communication is for the purpose of influencing administrative action, or influencing any action or proceeding involving the issuance, amendment, awarding, or revocation of a permit, license, or approval.

This bill additionally would prohibit a member of the commission, the executive director, the chief, and any employee of the commission or department designated by regulation, for a period of 2 years after leaving office or terminating employment, from being employed as a consultant or key employee of a gambling establishment.

(3) The act allows a licensed gambling establishment to contract with a 3rd party for the purpose of providing proposition player services, subject to specified conditions.

This bill would prohibit the duration of a contract between a gambling establishment and a 3rd-party provider of proposition player services from exceeding 2 years.

The bill would delete an obsolete provision.

(4) Because this bill would impose new regulatory requirements, violations of which would be punishable as misdemeanors, this bill would impose a state-mandated local program.

(5) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.

State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 19963.5 is added to the Business and  
2 Professions Code, to read:

3 19963.5. (a) Notwithstanding any other limitations imposed  
4 by this article, the commission shall not issue a gambling license  
5 for a gambling establishment that is not licensed to operate on  
6 January 1, 2010.

7 (b) This section shall remain in effect only until January 1, 2020,  
8 and as of that date is repealed, unless a later enacted statute, that  
9 is enacted before January 1, 2020, deletes or extends that date.

10 ~~SEC. 2. Section 19966 is added to the Business and Professions~~  
11 ~~Code, to read:~~

12 ~~19966. A city, county, or city and county that issues local~~  
13 ~~gambling licenses, key employee licenses, or work permits shall~~  
14 ~~not appoint a person to manage or oversee the issuance of those~~  
15 ~~licenses or permits who, within two years prior to that appointment,~~  
16 ~~was employed or retained by, or derived substantial income from,~~  
17 ~~a gambling establishment, or was a principal in a partnership or~~  
18 ~~corporation that was retained by, or derived substantial income~~  
19 ~~from, any gambling establishment.~~

20 ~~SEC. 3.~~

21 SEC. 2. Section 19981 of the Business and Professions Code  
22 is amended to read:

23 19981. (a) A member of the commission, the executive  
24 director, the chief, and any employee of the commission or  
25 department designated by regulation, shall not, for a period of three  
26 years after leaving office or terminating employment, for  
27 compensation, act as agent or attorney for, or otherwise represent,  
28 any other person by making any formal or informal appearance,  
29 or by making any oral or written communication, before the  
30 commission or the department, or any officer or employee thereof,

1 if the appearance or communication is for the purpose of  
2 influencing administrative action, or influencing any action or  
3 proceeding involving the issuance, amendment, awarding, or  
4 revocation of a permit, license, or approval.

5 (b) A member of the commission shall not solicit or accept  
6 campaign contributions from any person, including any applicant  
7 or licensee.

8 (c) A member of the commission, the executive director, the  
9 chief, and any employee of the commission or department  
10 designated by regulation, shall not, for a period of two years after  
11 leaving office or terminating employment, be employed as a  
12 consultant or key employee of a gambling establishment.

13 ~~SEC. 4.~~

14 *SEC. 3.* Section 19984 of the Business and Professions Code  
15 is amended to read:

16 19984. Notwithstanding any other provision of law, a licensed  
17 gambling establishment may contract with a third party for the  
18 purpose of providing proposition player services, subject to the  
19 following conditions:

20 (a) Any agreement, contract, or arrangement between a gambling  
21 establishment and a third-party provider of proposition player  
22 services shall be approved in advance by the department, and in  
23 no event shall a gambling establishment or the house have any  
24 interest, whether direct or indirect, in funds wagered, lost, or won.

25 (b) The duration of an agreement, contract, or arrangement  
26 between a gambling establishment and a third-party provider of  
27 proposition player services shall not exceed two years.

28 (c) The commission shall establish reasonable criteria for, and  
29 require the licensure and registration of, any person or entity that  
30 provides proposition player services to gambling establishments  
31 pursuant to this section, including owners, supervisors, and players.  
32 Those employed by a third-party provider of proposition player  
33 services, including owners, supervisors, observers, and players,  
34 shall wear a badge which clearly identifies them as proposition  
35 players whenever they are present within a gambling establishment.  
36 The commission may impose licensing requirements, disclosures,  
37 approvals, conditions, or limitations as it deems necessary to  
38 protect the integrity of controlled gambling in this state, and may  
39 assess and collect reasonable fees and deposits as necessary to  
40 defray the costs of providing this regulation and oversight.

(d) The department, pursuant to regulations of the commission, is empowered to perform background checks, financial audits, and other investigatory services as needed to assist the commission in regulating third-party providers of proposition player services, and may assess and collect reasonable fees and deposits as necessary to defray the costs of providing this regulation and oversight. The department may adopt emergency regulations in order to implement this subdivision.

~~SEC. 5.~~

*SEC. 4.* No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.